GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

STARRED QUESTION NO:120
ANSWERED ON:22.11.2007
INVESTMENT IN FOOD PROCESSING SECTOR
Chowdhury Shri Adhir Ranjan;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the investment in food processing industry in the country has increased during the last three years;

(b) if so, the details thereof;

(c) whether the impact of such investment on Food Processing Sector has been assessed;

(d) if so, the details thereof; and

(e) the details of the proposals for investment in the food processing sector during 11th Five Year Plan?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) to (e): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 120 FOR 22.11.2007 REGARDING INVESTMENT IN FOOD PROCESSING SECTOR:

(a) & (b) : The available data as per the Industrial Entrepreneurs Memoranda (IEMs) filed and Letters of Intent (LOIs)/ Direct Industrial Licenses (DILs) issued.with the Department of Industrial Policy and Promotion and the Ministry of Micro, Small and Medium Enterprises show that there has been increase in the domestic investment in the food processmg industries during the last three years. The FDI inflow data also indicate increasing foreign investments in the food processing industries during the last three years. The details of investments in the large, medium and small scale sector and the FDI investment flows are as follows:
Large and medium scale industries

Year	Investment (Rs.Crores)
2004	2047
2005	3072
2006	3355
Total:	8474

Source: Deptt. of Industrial Policy & Promotion

As per the Industrial Entrepreneurs Memoranda (IEMs) filed and Letters of Intent (LOIs)/ Direct Industrial Licenses (DILs) issued during the year.
Small Scale Sector

Year	Registered (Rs. crores)	Unregistered (Rs. crores)	Total (Rs.crores)
2003-04	16463	11513	27976

2004-05	17374	11990	29364
2005-06	18475	12423	30898

Source: Ministry of Micro, Small & Medium Enterprises

FDI inflows

Year	FDI in Rs Crore
2004-05	174.00
2005-06	183.00
2006-07	441.00

(c) & (d): There has been positive impact of the increasing investments in the food processing sector. The average rate of growth of food processing industries during the 101 Plan period has been @13.025% at current prices and @ 6.75%. at 1999-2000 prices. There has also been perceptible increase in production, employment and exports in the food processing sector during the 10th Plan period as per figures given below:-

Tenth Plan (2002-07) - Production, Employment, Exports in Food Processing Sector

Value:Rs. Crores

Item	2002-03	2003-04	2004-05	2005-06	2006-07
Production at current prices MSME Sector	66472.05	76264.13	86128.19	94127.99	104758.54
CSO Data on GDP at current prices@	45146.00	51846.00	55772.00	59281.00	N.A (Prov.)
Employment (Persons)	3830283	3997481	4173668	4350941	4533940
Exports	4727.57	5467.06	6154.77	8634.49	8493.40(Prov)

Data compiled on the basis of IIIrd census results of MSME sector and Growth rate estimated using Index of Industrial Production (MSME Sector).

@ Provided by Central Statistical Organisation. Estimated on the basis of IIIrd census results of MSME Sector. APEDA data.

(e): In the 11 Five Year Plan, the Government proposes to provide Plan scheme support of Rs.4031 crores to food processing industries on the basis of tentative allocation by the Planning Commission for promotion of food processing sector. This includes an investment of about Rs.2900 crores on strengthening of infrastructure and setting up, modernization of food processing industries.

In the 11th Plan, the Ministry proposes to implement a revamped Scheme for Infrastructure Development under which, it will give financial assistance for setting up of Mega Food Parks, cold chain infrastructure, value added centres and packaging centres. The Mega Food Park Scheme will provide backward and forward linkages as well as reliable and sustainable supply chain. The Cluster based demand driven approach will provide linkages from farm to market with linkages from local to regional level through Primary Processing .Centres, Collection Centres, Strategic Distribution Centre-cum-Cold Chain at critical locations - having Controlled Atmosphere storage and distribution centres where large quantities can be stored and supplied to distribution centres for retail sale and to processing industries for processing. In the 111 Plan, it has also been proposed to continue assistance to schemes for setting up of Food Testing Labs, Implementation of Quality Systems such as HACCP, ISO 9000 ,GHP and GMP Practices, Promotion of Research and Development, Capacity building and Human Resource Development and other promotional activities with higher levels of assistance. In addition, a new scheme for Upgradation of Quality of street foods has also been proposed to be implemented. The emphasis will be on building strong linkages with agriculture and horticulture, enhancing project implementation capabilities, increased involvement of private sector investments and support for creation of rural infrastructure to ensure a steady supply of good quality agri horticulture produce.